

CHAPTER NO. 510

SENATE BILL NO. 3401

By Crutchfield, Dixon

Substituted for: House Bill No. 3507

By McMillan, Sherry Jones

AN ACT to amend Tennessee Code Annotated, Section 50-7-403(a) and (b), Section 50-7-404 and Section 62-43-113(b)(2), relative to staff leasing companies and unemployment insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-7-403(a), is amended by changing the uppercase "F" in the first word of such subsection to a lowercase "f" and adding the following language at the beginning of such subdivision:

Except as provided in Section 62-43-113(b)(2)(A)(ii) of the Tennessee Employee Leasing Act pertaining to staff leasing companies and the clients of such staff leasing companies,

SECTION 2. Tennessee Code Annotated, Section 50-7-403(b)(1), is amended by changing the uppercase "T" in the first word of such subdivision to a lowercase "t" and adding the following language at the beginning of such subdivision:

Except as provided in Section 62-43-113(b)(2)(A)(ii) of the Tennessee Employee Leasing Act pertaining to staff leasing companies and the clients of such staff leasing companies,

SECTION 3. Tennessee Code Annotated, Section 50-7-403(b)(2), is amended by designating the first paragraph of such subdivision as subdivision (A) and adding the following language as a new subdivision (B):

As provided in Section 62-43-113(b)(2)(A)(ii)(b) of the Tennessee Employee Leasing Act, a staff leasing company shall not be considered a successor employer, within the meaning of this Title 50, Chapter 7, Part 403, to any client and shall not acquire the experience history of any client with whom the staff leasing company has contracted. The client, upon terminating its relationship with the staff leasing company, shall not be considered a successor employer, within the meaning of this Title 50, Chapter 7, to the staff leasing company and shall not acquire any portion of the experience history of the aggregate reserve account of the staff leasing company.

SECTION 4. Tennessee Code Annotated, Section 50-7-404, is amended by adding the following language as a new subsection (l)


(l) A client of a staff leasing company shall be jointly and severally liable with the staff leasing company for state unemployment premiums unless such client is relieved of such joint and several liability as provided under the provisions of Section 62-43-113(b)(2)(B) of the Tennessee Employee Leasing Act.

SECTION 5. Tennessee Code Annotated Section 62-43-113(b)(2)(A)(ii)(b) is amended by deleting the language "Standard Industrial Classification (SIC) Code" and substituting instead "industrial classification".

SECTION 6. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: March 29, 2004


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 12th day of April 2004


PHIL BREDESEN, GOVERNOR